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SUBJECT: VIETNAM: AMBASSADOR CALLS ON TELECOM MINISTER

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[11.](#) (SBU) Summary: During an April 28 introductory call on Minister of Posts and Telematics Do Trung Ta, the Ambassador urged the Minister to take a flexible approach on telecommunications in the World Trade Organization (WTO) accession negotiations, to meet Bilateral Trade Agreement (BTA) commitments including setting up an independent regulator, to clarify confusion by issuing legal guidance on what constitutes value added and internet services, and to seek U.S. technical assistance in evaluating interconnection terms. He also called for greater IPR protection of software, urged the Minister to attend the June APEC Telecom Ministerial, and advocated for Lockheed Martin's bid in the Vinasat communications satellite project and Connection by Boeing's license to provide in-flight internet services over Vietnam. The Minister encouraged the United States to accept the "roadmap for liberalization" in Vietnam's revised telecom offer, committed to ensure a good business climate for U.S. firms in Vietnam and to working to improve IPR protection. Ta promised to review Lockheed's proposal carefully and agreed in principle with the in-flight internet service license, but noted that the airlines needed to apply directly. End Summary.

[12.](#) (SBU) The Ambassador, accompanied by ECON/C, paid an introductory call on Minister of Posts and Telematics Do Trung Ta on April 28. The Ambassador began by noting that the United States supports Vietnam's efforts to join WTO and the Embassy is working hard to assist Vietnam in preparing for the negotiations involved. Vietnam's record in meeting its BTA commitments would be a key indicator for progress of WTO accession, he commented. Noting that telecommunications was a key area of U.S.-Vietnam bilateral market access negotiations, the Ambassador encouraged Vietnam to take a flexible and creative approach on this issue. After accession, Vietnam would need a world-class telecommunications system and assistance from leading multinational firms to create it. To do so, Vietnam would need to attract foreign investment. Given the risks inherent in investing in such rapidly changing technology, few U.S. or other firms would want to commit capital if they could not control the investment, he continued. Control would thus be a key element in bilateral negotiations. The Ambassador acknowledged that Vietnam's recent new offer contained changes in the telecom services sector. Once U.S. experts have completed their analysis and have industry input, the United States would respond, perhaps with questions for clarification.

[13.](#) (U) Turning to Bilateral Trade Agreement (BTA) implementation, the Ambassador noted that Vietnam plans to implement some of its commitments by passing the enterprise law later this year and urged that this be done on schedule. He stressed that Vietnam needed to create conditions for new entrants to the market to develop lower cost telecom services. Noting that the Prime Minister and Deputy Prime Minister had both expressed disappointment with the level of U.S. investment in Vietnam, the Ambassador agreed that there was room for additional U.S. investment, but it would come only if the conditions were right. For example, issuing adequate legal guidance on what constitutes value added and internet services would clear up confusion about joint ventures in value added telecom services. Saying that he was encouraged that the Ministry of Posts and Telematics (MPT) intends to set up an independent regulator, the Ambassador urged Vietnam to do so quickly. Interconnection is an important issue both for Vietnamese and international providers. The United States could help evaluate the interconnection offer of Vietnam National Posts and Telecommunications Corporation (VNPT) through one of

USAID's two technical assistance projects, Support for Trade Acceleration Project or the Vietnam Competitiveness Initiative, the Ambassador suggested.

14. (U) The Ambassador noted that he had hosted a roundtable with U.S. firms and associations interested in IPR protection earlier that day (septel). IPR is a core issue both within the BTA and the WTO and MPT has the lead on software for the government. It is vital for MPT to set an example by using only licensed software, he stressed. In addition, Vietnam should criminalize the use of pirated software.

15. (SBU) Minister Ta responded by noting that Vietnam had sent a revised WTO services offer to the United States. He asked that the United States recognize that this offer needs to meet Vietnam's circumstances and that it would create a roadmap for liberalization. He expressed hope that the United States would show good will by supporting Vietnam on this issue which he said would reflect the fruitful cooperation by Vietnam with U.S. partners such as AT&T, MCI and Sprint as well as other vendors and suppliers such as Microsoft, Champion Communications Services Inc., Hewlett Packard and International Business Machines. Several U.S. operators were cooperating with Vietnam to provide Voice Over Internet Protocol (VOIP) services. Ta expressed the hope that the two sides would be able to reach agreement in a final round after the Prime Minister's visit to the United States in June. Originally, VNPT had regulated the market as well as been the monopoly telecom firm, he explained. Now MPT regulates the sector while VNPT licenses other firms to operate. The rumored separation of the regulator from the Ministry as in Singapore and Malaysia might come in the future, but the conditions are not right to do so at present, he said.

16. (U) On the issue of IPR, the Minister noted that MPT is cooperating with Motorola to develop software and with Microsoft on Windows Office. IPR protection is improving as the Government takes into account the Berne Convention, which it joined in 2004. At the same time, government experts were drafting a new IPR law on which the May session of the National Assembly would comment. The MPT would cooperate with the Ministry of Science and Technology in this area in the future, he noted.

17. (U) Ta pointed out that telecom had been a difficult issue and indeed the final issue to be settled in the BTA negotiations. Commenting that Vietnam has been seriously implementing the BTA, he agreed that Vietnam needed to protect investor interests in accord with its BTA commitments. In the past, a Business Cooperation Contract had been the only way for foreign telecom firms to operate in Vietnam. Under this arrangement, the foreign firm had contributed capital and technology while sharing profits with its Vietnamese partner, which had the right to operate. The BTA allowed joint venture and joint stock firms to operate. The Prime Minister had said that the MPT needed to assure mutual benefits for U.S. firms in this sector.

18. (U) Before the BTA, several U.S. firms such as UPS and FedEx had cooperated with Vietnam, he noted. The MPT had also cooperated with the Federal Communications Commission in setting the international accounting rate for calls between Vietnam and the United States. Vietnam needs investment capital, technology and human resources to develop. Minister Ta expressed appreciation to U.S. firms for their assistance in modernizing Vietnam's networks thus far. He noted that tele-density in Vietnam had been 14 to 16 percent at the end of 2005 while it was expected to be about 33 percent by 2010. The number of internet users was also expected to double by 2010. As the use of mobile telephones, internet and broadband expanded, there would be potential for further bilateral cooperation. Expressing hope that the United States would support Vietnam at the WTO and expand bilateral cooperation in telecom, the Minister pointed out that the revised telecom market access offer exceeded the BTA.

19. (SBU) Commenting that he was not an expert in telecom, the Ambassador said he had first come to Vietnam in 1988 and was amazed at how far and fast Vietnam had come since then. Vietnam now has to compete with its neighbors needs a world-class telecommunication system to do that. Acknowledging that telecom had been tough in the BTA, the Ambassador expressed hope that it would not be again in the bilateral WTO negotiations. U.S. firms were ready to help Vietnam build its needed infrastructure. The Ambassador also encouraged the Minister to attend the APEC Telecom Ministers Meeting in Peru in early June.

¶10. (SBU) The Ambassador then raised two commercial issues. First, he noted that Lockheed Martin had come to Vietnam to discuss a tremendous opportunity for Vietnam and the United States to work together on a high tech communications satellite project. Lockheed Martin was prepared to offer a very favorable arrangement that would expose Vietnam to little risk. He urged the Minister to give the offer serious consideration. The Ambassador then mentioned the request by Connection by Boeing (CBB) for a license to operate an in-flight internet service on planes flying over Vietnam. CBB was willing to accept an interim license. At this point, Vietnam is the only country in southeast Asia without such a license so that planes have to shut down the service over Vietnam, he noted.

¶11. (SBU) In response, the Minister said that Vice Minister Le Nam Thang would attend the APEC Telecom Ministerial while he would be attending the National Assembly session. Noting that he had met with Lockheed Martin earlier that week, he said that the MPT would review Lockheed's proposal carefully this week. On CBB, he said that Vietnam Airlines had a license for this service and it was up to them to cooperate with their partners. The Ambassador pointed out that CBB would like to work directly with the governments of countries involved. The Minister said that the airline had applied and in principle he agreed with this application since this was global communications. The Ambassador suggested that they continue to work on this issue.

¶12. (U) Bio note: Minister Ta has served in his current position since 2002. From 1995-2002 he was Chairman of Vietnam National Posts and Telecommunications. He has held various positions at either MPT or VNPT since 1985 and holds a Doctorate of Science in Communications from Ilmenau Technical Institute in Germany. He was born in Ha Tay Province, Vietnam on December 12, 1945.

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